



QUARTERLY STATEMENT

AS OF MARCH 31, 2009  
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Hospital, Medical & Dental Service or Indemnity [ ]	
	Dental Service Corporation [ ]		Vision Service Corporation [ ]		Health Maintenance Organization [ X ]	
	Other [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	03/07/1986		Commenced Business		10/15/1986	
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-942-0954	
	(Street and Number)		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501		616-464-8926	
	(Street and Number)		(City, State and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.priority-health.com					
Statutory Statement Contact	Kristy Shoemaker			616-464-8926		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kristy.shoemaker@priorityhealth.com			616-942-7916		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	President / Chief Executive Officer	Gregory A Hawkins	Treasurer / Chief Financial Officer
Juidth W Hooyenga	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Dennis Aloia	Craig H Bethune	Richard C Breon	Gaylen J Byker
Karl D Deck	Georgia R Fojtasek	Michael P Freed	Lynn Kotecki
Michael I Love	Peter B Lundeen	Christina MacInnes	Edward M Millermaier
Kathleen S Ponitz	Robert W Roth	Thomas G Schwaderer	Timothy V Smith
Hilary F Snell	Dale M Sowders	James J Stephanak	Jody D Vanderwel
Douglas A Zwemer			

State of Michigan  
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn President / Chief Executive Officer	Gregory A Hawkins Treasurer / Chief Financial Officer	Judith W Hooyenga Secretary
Subscribed and sworn to before me this day of May, 2009		a. Is this an original filing? Yes [ X ] No [ ]
Mary Bierlein, Document Coordinator 11/18/2012		b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	141,710,017		141,710,017	138,250,302
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	59,633,542	3,947	59,629,595	63,886,638
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	670,555	670,555	0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ ..... (27,383,801) ), cash equivalents (\$ .....0 ) and short-term investments (\$ .....214,864,523 ) .....	187,480,722		187,480,722	178,640,493
6. Contract loans (including \$ ..... premium notes) .....			0	0
7. Other invested assets .....	0		0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	389,494,836	674,502	388,820,334	380,777,433
11. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
12. Investment income due and accrued .....	2,195,112		2,195,112	2,769,247
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	11,842,744	107,488	11,735,256	12,237,880
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....			0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....	369	369	0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ .....0 ) .....	13,282,408	13,282,408	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....	785,839		785,839	1,430,495
22. Health care (\$ .....2,298,816 ) and other amounts receivable .....	7,196,425	3,382,913	3,813,512	5,501,539
23. Aggregate write-ins for other than invested assets .....	3,087,172	3,087,172	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	427,884,905	20,534,852	407,350,053	402,716,594
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25) .....	427,884,905	20,534,852	407,350,053	402,716,594
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above) .....	0	0	0	0
2301. Goodwill .....	3,075,000	3,075,000	0	0
2302. Prepaid expenses .....	12,172	12,172	0	0
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above) .....	3,087,172	3,087,172	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ .....0 reinsurance ceded)	.....98,594,384	.....10,255,844	.....108,850,228	.....112,470,118
2. Accrued medical incentive pool and bonus amounts .....	.....23,937,567		.....23,937,567	.....19,119,090
3. Unpaid claims adjustment expenses .....	.....1,562,058	.....263,233	.....1,825,291	.....1,930,415
4. Aggregate health policy reserves .....	.....127,853		.....127,853	.....127,853
5. Aggregate life policy reserves .....			.....0	.....0
6. Property/casualty unearned premium reserve .....			.....0	.....0
7. Aggregate health claim reserves .....			.....0	.....0
8. Premiums received in advance .....	.....23,356,170		.....23,356,170	.....18,929,223
9. General expenses due or accrued .....	.....1,163,820		.....1,163,820	.....6,087,053
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....			.....0	.....0
10.2 Net deferred tax liability.....			.....0	.....0
11. Ceded reinsurance premiums payable .....			.....0	.....0
12. Amounts withheld or retained for the account of others .....	.....108,896		.....108,896	.....101,827
13. Remittances and items not allocated .....			.....0	.....0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			.....0	.....0
15. Amounts due to parent, subsidiaries and affiliates .....	.....27,537,226		.....27,537,226	.....22,793,400
16. Payable for securities .....	.....547,423		.....547,423	.....0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....			.....0	.....0
18. Reinsurance in unauthorized companies .....			.....0	.....0
19. Net adjustments in assets and liabilities due to foreign exchange rates .....			.....0	.....0
20. Liability for amounts held under uninsured plans .....	.....334,527		.....334,527	.....36,152
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....	.....0	.....0	.....0	.....0
22. Total liabilities (Lines 1 to 21).....	177,269,924	.....10,519,077	.....187,789,001	.....181,595,131
23. Aggregate write-ins for special surplus funds .....	XXX	XXX	.....1,000,000	.....1,000,000
24. Common capital stock .....	XXX	XXX	.....8,524	.....8,524
25. Preferred capital stock .....	XXX	XXX		.....0
26. Gross paid in and contributed surplus .....	XXX	XXX	.....35,821,002	.....35,821,002
27. Surplus notes .....	XXX	XXX	.....33,839,572	.....33,839,572
28. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	.....0	.....0
29. Unassigned funds (surplus) .....	XXX	XXX	.....148,891,954	.....150,452,365
30. Less treasury stock, at cost:				
30.1 .....shares common (value included in Line 24) \$ ..... ) .....	XXX	XXX		.....0
30.2 .....shares preferred (value included in Line 25) \$ ..... ) .....	XXX	XXX		.....0
31. Total capital and surplus (Lines 23 to 29 minus Line 30) .....	XXX	XXX	.....219,561,052	.....221,121,463
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	407,350,053	402,716,594
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....	.....0	.....0	.....0	.....0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	.....0	.....0	.....0	.....0
2301. Appropriated Retained Earnings.....	XXX	XXX	.....1,000,000	.....1,000,000
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	.....0	.....0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	.....1,000,000	.....1,000,000
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX	.....0	.....0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	.....0	.....0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months.....	XXX	1,081,952	1,084,933	4,301,204
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	324,407,219	314,518,464	1,256,590,502
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		.0	.0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		.0	.0
5. Risk revenue .....	XXX		.0	.0
6. Aggregate write-ins for other health care related revenues .....	XXX	170,604	105,480	949,458
7. Aggregate write-ins for other non-health revenues .....	XXX	.0	.0	.0
8. Total revenues (Lines 2 to 7) .....	XXX	324,577,823	314,623,944	1,257,539,960
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits .....		216,622,836	215,298,317	840,957,186
10. Other professional services .....		109,111	269,756	729,482
11. Outside referrals .....		6,187,517	7,588,885	32,280,413
12. Emergency room and out-of-area .....		8,167,773	6,375,687	29,595,069
13. Prescription drugs .....		56,209,598	54,185,283	214,219,421
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		6,338,201	5,716,140	21,054,014
16. Subtotal (Lines 9 to 15) .....	.0	293,635,036	289,434,068	1,138,835,585
<b>Less:</b>				
17. Net reinsurance recoveries .....		35,778	64,762	1,335,332
18. Total hospital and medical (Lines 16 minus 17) .....	.0	293,599,258	289,369,306	1,137,500,253
19. Non-health claims (net).....			.0	.0
20. Claims adjustment expenses, including \$ 450,322 ..... cost containment expenses.....		4,503,218	4,737,246	18,306,305
21. General administrative expenses.....		25,743,968	27,063,639	103,735,730
22. Increase in reserves for life and accident and health contracts including \$ ..... increase in reserves for life only).....			.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	323,846,444	321,170,191	1,259,542,288
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	731,379	(6,546,247)	(2,002,328)
25. Net investment income earned .....		2,596,907	3,550,020	13,913,515
26. Net realized capital gains (losses) less capital gains tax of \$.....0 .....		344,298	25,745	88,991
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	2,941,205	3,575,765	14,002,506
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... ) .....			.0	.0
29. Aggregate write-ins for other income or expenses .....	.0	344,711	106,338	1,056,129
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	4,017,295	(2,864,144)	13,056,307
31. Federal and foreign income taxes incurred .....	XXX		.0	.0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	4,017,295	(2,864,144)	13,056,307
<b>DETAILS OF WRITE-INS</b>				
0601. Wellness Program Revenue.....	XXX	170,604	105,480	949,458
0602. ....	XXX			
0603. ....	XXX			
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	170,604	105,480	949,458
0701. ....	XXX			
0702. ....	XXX			
0703. ....	XXX			
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	.0	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0	0
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0	0
2901. Management Fee Revenue.....		344,711	106,338	1,056,129
2902. ....				
2903. ....				
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	344,711	106,338	1,056,129

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	221,121,463	215,448,957	215,448,957
34. Net income or (loss) from Line 32.....	4,017,295	(2,864,144)	13,056,307
35. Change in valuation basis of aggregate policy and claim reserves.....		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0	(4,507,079)	(1,629,950)	(13,732,497)
37. Change in net unrealized foreign exchange capital gain or (loss).....		0	0
38. Change in net deferred income tax.....		0	0
39. Change in nonadmitted assets.....	(1,070,627)	371,452	1,130,446
40. Change in unauthorized reinsurance.....	0	0	0
41. Change in treasury stock.....		0	0
42. Change in surplus notes.....	0	0	0
43. Cumulative effect of changes in accounting principles.....		0	0
44. Capital Changes:			
44.1 Paid in.....		0	0
44.2 Transferred from surplus (Stock Dividend).....		0	0
44.3 Transferred to surplus.....		0	0
45. Surplus adjustments:			
45.1 Paid in.....		0	0
45.2 Transferred to capital (Stock Dividend).....0	0	0	0
45.3 Transferred from capital.....		0	0
46. Dividends to stockholders.....		0	0
47. Aggregate write-ins for gains or (losses) in surplus.....0	0	4,849,400	5,218,250
48. Net change in capital & surplus (Lines 34 to 47).....	(1,560,411)	726,758	5,672,506
49. Capital and surplus end of reporting period (Line 33 plus 48)	219,561,052	216,175,715	221,121,463
DETAILS OF WRITE-INS			
4701. Purchase Price Adjustment.....0	0	4,849,400	5,218,250
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page.....0	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	4,849,400	5,218,250

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	329,419,038	1,248,619,274
2. Net investment income .....	3,210,960	13,977,223
3. Miscellaneous income .....	170,604	949,458
4. Total (Lines 1 to 3) .....	332,800,602	1,263,545,955
5. Benefit and loss related payments .....	292,249,692	1,120,663,364
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	34,632,457	117,706,338
8. Dividends paid to policyholders .....		0
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9) .....	326,882,149	1,238,369,702
11. Net cash from operations (Line 4 minus Line 10) .....	5,918,453	25,176,253
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	24,728,388	52,403,196
12.2 Stocks .....	796,379	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	6,714	7,190
12.7 Miscellaneous proceeds .....	760,056	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	26,291,537	52,410,386
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	28,062,028	56,360,363
13.2 Stocks .....	248,833	15,432,002
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	232,351
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	28,310,861	72,024,716
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(2,019,324)	(19,614,330)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied).....	4,941,099	3,018,369
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	4,941,099	3,018,369
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	8,840,228	8,580,292
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	178,640,494	170,060,202
19.2 End of period (Line 18 plus Line 19.1)	187,480,722	178,640,494

STATEMENT AS OF MARCH 31, 2009 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year .....	359,715	1,513	348,434	.0	.0	.0	.0	9,768	.0	.0
2 First Quarter .....	361,491	1,484	344,775					15,232		
3 Second Quarter .....	.0									
4. Third Quarter .....	.0									
5. Current Year .....	.0									
6 Current Year Member Months	1,081,952	4,448	1,032,954					44,550		
Total Member Ambulatory Encounters for Period:										
7. Physician .....	842,222	3,330	773,340					65,552		
8. Non-Physician .....	92,869	367	85,274					7,228		
9. Total .....	935,091	3,697	858,614	.0	.0	.0	.0	72,780	.0	.0
10. Hospital Patient Days Incurred	25,561	82	18,996					6,483		
11. Number of Inpatient Admissions	5,941	22	5,007					912		
12. Health Premiums Written .....	324,702,453	882,173	290,653,367					33,166,913		
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned .....	324,407,219	881,290	290,362,580					33,163,349		
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services .....	292,323,446	1,451,767	265,638,501					25,233,178		
18. Amount Incurred for Provision of Health Care Services	293,635,036	1,458,097	263,968,766					28,208,173		

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....33,166,913

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT  
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....	75,324,647	195,133,563	20,215,714	76,506,341	95,540,361	103,478,578
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....	6,835,274	18,397,904	1,661,638	10,466,535	8,496,912	8,991,540
7. Title XIX - Medicaid .....					.0	.0
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	82,159,921	213,531,467	21,877,352	86,972,876	104,037,273	112,470,118
10. Healthcare receivables (a) .....	4,803,449	77,860	279,727	4,726,221	5,083,176	5,083,176
11. Other non-health .....					.0	.0
12. Medical incentive pools and bonus amounts .....	1,334,497	178,867	19,076,448	4,861,119	20,410,945	19,119,090
13. Totals	78,690,969	213,632,474	40,674,073	87,107,774	119,365,042	126,506,032

(a) Excludes \$ ..... loans and advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

No material changes from year end disclosures.

**2. Accounting Changes and Correction of Errors**

No material changes from year end disclosures.

**3. Business Combinations and Goodwill**

No material changes from year end disclosures.

**4. Discontinued Operations**

No material changes from year end disclosures.

**5. Investments**

No material changes from year end disclosures.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

No material changes from year end disclosures.

**7. Investment Income**

No material changes from year end disclosures.

**8. Derivative Instruments**

No material changes from year end disclosures.

**9. Income Taxes**

No material changes from year end disclosures.

**10. Information Concerning Parent, Subsidiaries, and Affiliates**

No material changes from year end disclosures.

**11. Debt**

No material changes from year end disclosures.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

No material changes from year end disclosures.

**13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations**

No material changes from year end disclosures.

**14. Contingencies**

No material changes from year end disclosures.

**15. Leases**

No material changes from year end disclosures.

**16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

No material changes from year end disclosures.

**17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No material changes from year end disclosures.

**18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

No material changes from year end disclosures

## NOTES TO FINANCIAL STATEMENTS

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

### 20. Other Items

No material changes from year end disclosures.

### 21. Events Subsequent

No material changes from year end disclosures.

### 22. Reinsurance

No material changes from year end disclosures.

### 23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures

### 24. Change in Incurred Claims and Claim Adjustment Expenses

Adjustments to previously rendered claims reserve estimates are reflected in the statement of operations in the period in which the estimates are revised. Such reserve adjustments consist of restatements of claim estimates and release of any margin associated with these estimates. Reserve adjustments were favorable by \$0.4 million during the current quarter, decreasing the prior year-end claim reserve estimates of \$104.4 million to \$104.0 million.

### 25. Intercompany Pooling Arrangements

No material changes from year end disclosures.

### 26. Structured Settlements

No material changes from year end disclosures.

### 27. Health Care Receivables

No material changes from year end disclosures.

### 28. Participating Policies

No material changes from year end disclosures.

### 29. Premium Deficiency Reserves

No material changes from year end disclosures.

### 30. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2006
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2006
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/26/2008
- 6.4

By what department or departments?

State of Michigan Office of Financial and Insurance Regulation
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ NA ☒
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ No ☒ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

- 9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes ☒ No ☐
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.
- 9.11

If the response to 9.1 is No, please explain:

.....
- 9.2

Has the code of ethics for senior managers been amended?.....

Yes ☐ No ☒
- 9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes ☐ No ☒
- 9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes ☒ No ☐
- 10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....0

INVESTMENT

- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) .....

Yes ☐ No ☒
- 11.2

If yes, give full and complete information relating thereto:

.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ .....0
13.

Amount of real estate and mortgages held in short-term investments: ..... \$ .....0
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates? .....

Yes ☒ No ☐
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ .....0	\$ .....0
14.22 Preferred Stock .....	\$ .....0	\$ .....0
14.23 Common Stock .....	\$ .....28,106,866	\$ .....26,961,948
14.24 Short-Term Investments .....	\$ .....0	\$ .....0
14.25 Mortgage Loans on Real Estate .....	\$ .....0	\$ .....0
14.26 All Other .....	\$ .....0	\$ .....0
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$ .....28,106,866	\$ .....26,961,948
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above ....	\$ .....0	\$ .....0
- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB? .....

Yes ☐ No ☒
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes ☐ No ☐

If no, attach a description with this statement.

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?.....

Yes [ ] No [X]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Grand Rapids, Michigan.....
Huntington National Bank.....	Grand Rapids, Michigan.....
Mellon Trust.....	Pittsburgh, Pennsylvania.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Michigan Department of Treasury.....	Lansing, Michigan.....	Statutory Deposit - Held by the State of Michigan.....

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? .....

Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
N/A.....	Prime Advisors, Inc.....	Bloomfield, Connecticut.....

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? .....

Yes [X] No [ ]

17.2 If no, list exceptions:

.....

## SCHEDULE S - CEDED REINSURANCE

[illegible]

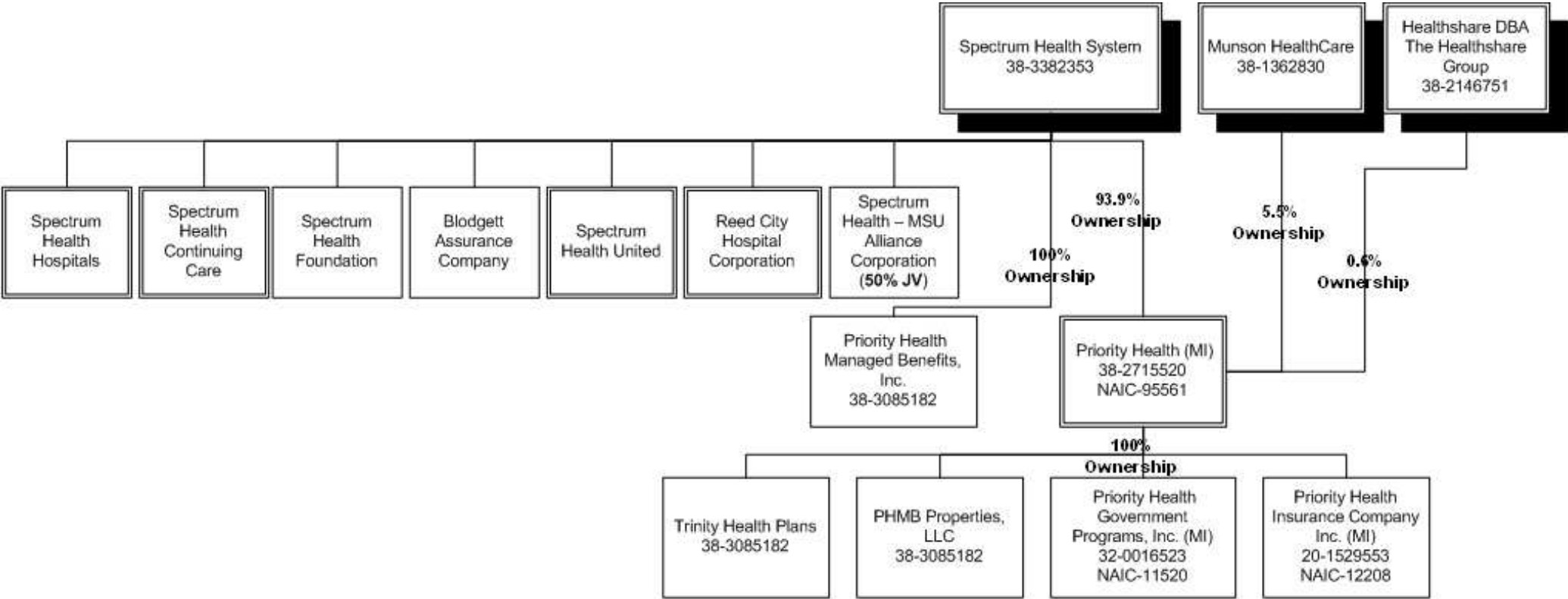
SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories										
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama .....	AL	N						.0	
2.	Alaska .....	AK	N						.0	
3.	Arizona .....	AZ	N						.0	
4.	Arkansas .....	AR	N						.0	
5.	California .....	CA	N						.0	
6.	Colorado .....	CO	N						.0	
7.	Connecticut .....	CT	N						.0	
8.	Delaware .....	DE	N						.0	
9.	District of Columbia .....	DC	N						.0	
10.	Florida .....	FL	N						.0	
11.	Georgia .....	GA	N						.0	
12.	Hawaii .....	HI	N						.0	
13.	Idaho .....	ID	N						.0	
14.	Illinois .....	IL	N						.0	
15.	Indiana .....	IN	N						.0	
16.	Iowa .....	IA	N						.0	
17.	Kansas .....	KS	N						.0	
18.	Kentucky .....	KY	N						.0	
19.	Louisiana .....	LA	N						.0	
20.	Maine .....	ME	N						.0	
21.	Maryland .....	MD	N						.0	
22.	Massachusetts .....	MA	N						.0	
23.	Michigan .....	MI	L	291,535,540	33,166,913				324,702,453	
24.	Minnesota .....	MN	N						.0	
25.	Mississippi .....	MS	N						.0	
26.	Missouri .....	MO	N						.0	
27.	Montana .....	MT	N						.0	
28.	Nebraska .....	NE	N						.0	
29.	Nevada .....	NV	N						.0	
30.	New Hampshire .....	NH	N						.0	
31.	New Jersey .....	NJ	N						.0	
32.	New Mexico .....	NM	N						.0	
33.	New York .....	NY	N						.0	
34.	North Carolina .....	NC	N						.0	
35.	North Dakota .....	ND	N						.0	
36.	Ohio .....	OH	N						.0	
37.	Oklahoma .....	OK	N						.0	
38.	Oregon .....	OR	N						.0	
39.	Pennsylvania .....	PA	N						.0	
40.	Rhode Island .....	RI	N						.0	
41.	South Carolina .....	SC	N						.0	
42.	South Dakota .....	SD	N						.0	
43.	Tennessee .....	TN	N						.0	
44.	Texas .....	TX	N						.0	
45.	Utah .....	UT	N						.0	
46.	Vermont .....	VT	N						.0	
47.	Virginia .....	VA	N						.0	
48.	Washington .....	WA	N						.0	
49.	West Virginia .....	WV	N						.0	
50.	Wisconsin .....	WI	N						.0	
51.	Wyoming .....	WY	N						.0	
52.	American Samoa .....	AS	N						.0	
53.	Guam .....	GU	N						.0	
54.	Puerto Rico .....	PR	N						.0	
55.	U.S. Virgin Islands .....	VI	N						.0	
56.	Northern Mariana Islands .....	MP	N						.0	
57.	Canada .....	CN	N						.0	
58.	Aggregate Other Alien .....	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal .....	XXX	291,535,540	33,166,913	.0	.0	.0	.0	324,702,453	.0
60.	Reporting entity contributions for Employee Benefit Plans .....	XXX							.0	
61.	Total (Direct Business)	(a) 1	291,535,540	33,166,913	0	0	0	0	324,702,453	0
DETAILS OF WRITE-INS										
5801.	.....	XXX								
5802.	.....	XXX								
5803.	.....	XXX								
5898.	Summary of remaining write-ins for Line 58 from overflow page .....	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899.	Totals (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of L responses except for Canada and other Alien.



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



---

**OVERFLOW PAGE FOR WRITE-INS**

---

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	711,596	632,051
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		232,351
2.2 Additional investment made after acquisition .....		0
3. Current year change in encumbrances .....		0
4. Total gain (loss) on disposals .....		0
5. Deduct amounts received on disposals .....		0
6. Total foreign exchange change in book/adjusted carrying value .....		0
7. Deduct current year's other than temporary impairment recognized .....		0
8. Deduct current year's depreciation .....	41,041	152,806
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....	670,555	711,596
10. Deduct total nonadmitted amounts .....	670,555	711,596
11. Statement value at end of current period (Line 9 minus Line 10) .....	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and mortgage interest points and commitment fees .....		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Total valuation allowance .....		0
13. Subtotal (Line 11 plus Line 12) .....	0	0
14. Deduct total nonadmitted amounts .....	0	0
15. Statement value at end of current period (Line 13 minus Line 14) .....	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		0
2.2 Additional investment made after acquisition .....		0
3. Capitalized deferred interest and other .....		0
4. Accrual of discount .....		0
5. Unrealized valuation increase (decrease) .....		0
6. Total gain (loss) on disposals .....		0
7. Deduct amounts received on disposals .....		0
8. Deduct amortization of premium and depreciation .....		0
9. Total foreign exchange change in book/adjusted carrying value .....		0
10. Deduct current year's other than temporary impairment recognized .....		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	0	0
12. Deduct total nonadmitted amounts .....	0	0
13. Statement value at end of current period (Line 11 minus Line 12) .....	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	202,938,468	197,413,930
2. Cost of bonds and stocks acquired .....	28,310,861	71,792,365
3. Accrual of discount .....	50,667	195,474
4. Unrealized valuation increase (decrease) .....	(4,507,078)	(13,732,497)
5. Total gain (loss) on disposals .....	165,991	81,801
6. Deduct consideration for bonds and stocks disposed of .....	25,524,767	52,403,196
7. Deduct amortization of premium .....	90,584	409,409
8. Total foreign exchange change in book/adjusted carrying value .....	0	0
9. Deduct current year's other than temporary impairment recognized .....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	201,343,558	202,938,468
11. Deduct total nonadmitted amounts .....	3,947	801,528
12. Statement value at end of current period (Line 10 minus Line 11) .....	201,339,611	202,136,940

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1 (a).....	321,731,966	126,596,855	97,768,023	(597,787)	349,963,011	0	0	321,731,966
2. Class 2 (a).....	6,109,069	2,507,305	1,999,250	(5,597)	6,611,527	0	0	6,109,069
3. Class 3 (a).....	0	0	0	0	0	0	0	0
4. Class 4 (a).....	0	0	0	0	0	0	0	0
5. Class 5 (a).....	0	0	0	0	0	0	0	0
6. Class 6 (a).....	0	0	0	0	0	0	0	0
7. Total Bonds	327,841,035	129,104,160	99,767,273	(603,384)	356,574,538	0	0	327,841,035
<b>PREFERRED STOCK</b>								
8. Class 1 .....	0	0	0	0	0	0	0	0
9. Class 2 .....	0	0	0	0	0	0	0	0
10. Class 3 .....	0	0	0	0	0	0	0	0
11. Class 4 .....	0	0	0	0	0	0	0	0
12. Class 5 .....	0	0	0	0	0	0	0	0
13. Class 6 .....	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	327,841,035	129,104,160	99,767,273	(603,384)	356,574,538	0	0	327,841,035

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$.....2,068,341 ; NAIC 2 \$.....0 ; NAIC 3 \$.....0 ; NAIC 4 \$.....0 ; NAIC 5 \$.....0 ; NAIC 6 \$.....0

SCHEDULE DA - PART 1

Short-Term Investments					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	214,864,523	XXX	215,654,306	1,873,128	47,333

SCHEDULE DA - VERIFICATION

Short-Term Investments		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	189,590,733	181,244,200
2. Cost of short-term investments acquired .....	101,042,133	347,309,253
3. Accrual of discount.....	84,782	533,282
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals.....	6,714	7,190
6. Deduct consideration received on disposals.....	75,211,590	338,207,806
7. Deduct amortization of premium.....	648,249	1,295,385
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other than temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	214,864,523	189,590,734
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	214,864,523	189,590,734

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE E-VERIFICATION

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	0
2. Cost of cash equivalents acquired.....	0	5,271,842
3. Accrual of discount.....	0	27,158
4. Unrealized valuation increase (decrease).....	0	0
5. Total gain (loss) on disposals.....	0	0
6. Deduct consideration received on disposals.....	0	5,299,000
7. Deduct amortization of premium.....	0	0
8. Total foreign exchange change in book/adjusted carrying value.....	0	0
9. Deduct current year's other than temporary impairment recognized.....	0	0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....	0	0
12. Statement value at end of current period (Line 10 minus Line 11)	0	0



Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

Schedule BA - Part 3

NONE

STATEMENT AS OF MARCH 31, 2009 OF THE Priority Health

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator <sup>(a)</sup>
31398A-VQ-2	FNMA		03/30/2009	BARCLAY		1,005,048	1,000,000	389	1
31771E-AG-6	FICO STRIP PRN-6		01/27/2009	MERRILL LYNCH		187,496	280,000	0	1
31771E-AN-1	FICO STRIP PRN-13		01/27/2009	MERRILL LYNCH		162,734	250,000	0	1
31771K-AJ-6	FICO STRIP PRINC		01/30/2009	BONDSDIRECT		1,216,042	1,850,000	0	1
912828-EN-6	US TREASURY N/B		02/20/2009	UBS/WRBU		1,433,892	1,250,000	15,539	1
912828-JR-2	US TREASURY N/B		01/28/2009	UBS/WRBU		1,092,113	1,000,000	7,769	1
912828-KD-1	US TREASURY N/B		02/20/2009	CITIGROUP		500,315	500,000	304	1
0399999 - Total	Bonds - U.S. Government					5,597,640	6,130,000	24,001	XXX
00206R-AQ-5	AT&T INC		01/29/2009	JP MORGAN		499,970	500,000	0	1FE
002824-AS-9	ABBOTT LABORATORIES		03/31/2009	WACHOVIA		536,690	500,000	10,733	1FE
03076J-AA-9	AMERIPLEX PRF		03/26/2009	FIFTHTHIRD		710,000	710,000	4,657	1FE
06050B-AA-9	BANK OF AMERICA CORP		01/07/2009	MORGAN STANLEY		774,480	750,000	2,474	1FE
161870-AB-6	CHATHAM CAPITAL CORP		03/10/2009	FIFTHTHIRD		1,000,000	1,000,000	712	1FE
166751-AJ-6	CHEVRON CORP		02/26/2009	BARCLAY		499,845	500,000	0	1FE
191216-AL-4	COCA-COLA CO		03/03/2009	BANK OF AMERICA		248,863	250,000	0	1FE
20825C-AR-5	CONOCOPHILLIPS		01/30/2009	MK		225,781	225,000	36	1FE
22160K-AC-9	COSTCO WHOLESALE CORP		01/07/2009	Wall Street Access		1,068,270	1,000,000	17,875	1FE
24424D-AA-7	JOHN DEERE CAPITAL CORP		01/12/2009	BANK OF AMERICA		1,031,967	1,000,000	2,076	1FE
26442C-AF-1	DUKE ENERGY CAROLINAS		01/13/2009	BONDSDIRECT		533,065	500,000	4,712	1FE
341081-EN-3	FLORIDA POWER & LIGHT		03/20/2009	BANK OF AMERICA		522,645	500,000	3,638	1FE
34985P-AA-0	FORWARD CORPORATION		03/10/2009	FIFTHTHIRD		1,000,000	1,000,000	712	1FE
61757U-AH-3	MORGAN STANLEY		01/14/2009	MORGAN STANLEY		499,790	500,000	0	1FE
67776W-AD-2	OHIO CAPITAL FUND LLC		03/10/2009	FIFTHTHIRD		1,000,000	1,000,000	712	1FE
774470-AA-6	ROCKWOOD QUARRY LLC		03/26/2009	FIFTHTHIRD		1,000,000	1,000,000	2,166	1FE
80819P-AA-5	SCHULTE CORP		03/26/2009	FIFTHTHIRD		2,060,000	2,060,000	4,430	1FE
814891-AA-5	SECURITY SELF-STR SECSEL		03/11/2009	FIFTHTHIRD		1,000,000	1,000,000	1,011	2FE
842400-EU-3	SOUTHERN CALIFORNIA ED		02/19/2009	WACHOVIA		502,695	500,000	9,235	1FE
842400-FK-4	SOUTHERN CALIFORNIA ED		01/13/2009	BANK OF AMERICA		540,640	500,000	7,267	1FE
842434-CH-3	SOUTHERN CALIF GAS CO		01/07/2009	BNP		836,272	800,000	6,233	1FE
89837L-AA-3	PRINCETON UNIVERSITY		01/14/2009	GOLDMAN SACHS		498,100	500,000	0	1FE
910428-AA-9	UNITED FUELS LLC		02/02/2009	FIFTHTHIRD		4,300,000	4,300,000	295	1FE
92344S-AL-4	VERIZON WIRELESS CAPITAL		01/30/2009	CITICORP		496,785	500,000	0	1FE
93114Z-CG-6	WAL-MART STORES INC		01/07/2009	BANK OF AMERICA		1,078,530	1,000,000	14,483	1FE
3899999 - Total	Bonds - Industrial, Misc.					22,464,387	22,095,000	93,458	XXX
8399997 - Total	Bonds - Part 3					28,062,028	28,225,000	117,459	XXX
8399999 - Total	Bonds					28,062,028	28,225,000	117,459	XXX
8999999 - Total	Preferred Stocks					0	XXX	0	XXX
693390-70-0	PIMCO FDS TOTAL RETURN - INST		03/31/2009	VARIOUS	16,115.090	162,683		0	L
922040-10-0	VANGUARD INSTL INDEX FUND		03/26/2009	VANGUARD FUNDS	1,090.786	83,063		0	L
922908-87-6	VANGUARD SMALL CAP INDEX FUND		03/20/2009	VANGUARD FUNDS	184.965	3,087		0	L
9299999 - Total	Common Stocks - Mutual Funds					248,833	XXX	0	XXX
9799997 - Total	Common Stocks - Part 3					248,833	XXX	0	XXX
9799999 - Total	Common Stocks					248,833	XXX	0	XXX
9899999 - Total	Preferred and Common Stocks					248,833	XXX	0	XXX
9999999 - Totals						28,310,861	XXX	117,459	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....0 .

STATEMENT AS OF MARCH 31, 2009 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
CUSIP Identi- fication	Description	Foreign n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	11	12	13	14	15	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Design- ation or Market Indicator (a)
										Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.							
3128X5-WL-8..	FHLMC		01/09/2009	CALL at 100.000		2,000,000	2,000,000	1,998,760	1,999,268	.0	.5	.0	.5	.0	1,999,273	.0	.727	.727	53,000	01/09/2012	1
3134A4-UW-2..	FHLMC		01/30/2009	BANK OF AMERICA		256,349	250,000	251,863	250,385	.0	(34)	.0	(34)	.0	250,351	.0	5,998	5,998	1,306	12/15/2009	1
31398A-SC-7..	FNMA		01/30/2009	DMG		512,684	500,000	494,515	495,865	.0	227	.0	227	.0	496,092	.0	16,592	16,592	8,333	07/12/2010	1
36202V-XU-0..	GNMA #610991		03/01/2009	MBS PMT		14,183	14,183	14,086	14,183	.0	.0	.0	.0	.0	14,183	.0	.0	.0	118	06/01/2034	1
36291E-RM-5..	GNMA #626092		03/01/2009	MBS PMT		1,582	1,582	1,608	1,582	.0	.0	.0	.0	.0	1,582	.0	.0	.0	15	03/01/2034	1
36291S-PT-1..	GNMA #636834		03/01/2009	MBS PMT		12,493	12,493	12,751	12,494	.0	(1)	.0	(1)	.0	12,493	.0	.0	.0	114	11/01/2034	1
36295N-ND-5..	GNMA #675488		03/01/2009	MBS PMT		196,187	196,187	195,666	196,169	.0	.18	.0	.18	.0	196,187	.0	.0	.0	2,114	06/01/2038	1
36295Q-LK-4..	GNMA #677230		03/01/2009	MBS PMT		100,698	100,698	102,381	100,856	.0	(158)	.0	(158)	.0	100,698	.0	.0	.0	1,047	08/01/2038	1
36295S-C8-7..	GNMA #678795		03/01/2009	MBS PMT		436,934	436,934	444,376	437,625	.0	(691)	.0	(691)	.0	436,934	.0	.0	.0	4,049	12/01/2037	1
36296K-MW-9..	GNMA #693473		03/01/2009	MBS PMT		53,225	53,225	53,525	53,246	.0	(20)	.0	(20)	.0	53,225	.0	.0	.0	509	06/01/2038	1
36296U-HC-7..	GNMA #701427		03/01/2009	MBS PMT		5,840	5,840	5,770	5,838	.0	.2	.0	.2	.0	5,840	.0	.0	.0	66	11/01/2038	1
880591-CS-9..	TENN VALLEY AUTHORITY		02/09/2009	GX CLARK		524,614	475,000	545,257	541,706	.0	(127)	.0	(127)	.0	541,579	.0	(16,965)	(16,965)	10,008	04/01/2036	1
0399999 - Bonds - U.S. Governments						4,114,789	4,046,142	4,120,558	4,109,216	.0	(779)	.0	(779)	.0	4,108,437	.0	6,351	6,351	80,678	XXX	XXX
31283H-S9-7..	FHLMC G01444		03/01/2009	MBS PMT		4,480	4,480	4,666	4,482	.0	(2)	.0	(2)	.0	4,480	.0	.0	.0	55	08/01/2032	1
31287X-Z8-2..	FHLMC C70767		03/01/2009	MBS PMT		1,130	1,130	1,170	1,130	.0	.0	.0	.0	.0	1,130	.0	.0	.0	11	09/01/2032	1
3128JW-ZC-0..	FHLMC 1B2670		02/01/2009	MBS PMT		6,447	6,447	6,479	6,448	.0	.0	.0	.0	.0	6,447	.0	.0	.0	57	12/01/2034	1
3128K6-SB-2..	FHLMC A46242		03/01/2009	MBS PMT		15,836	15,836	15,225	15,830	.0	.5	.0	.5	.0	15,836	.0	.0	.0	161	07/01/2035	1
3128M1-C7-2..	FHLMC G11994		03/01/2009	MBS PMT		22,165	22,165	22,023	22,162	.0	.3	.0	.3	.0	22,165	.0	.0	.0	223	05/01/2021	1
3128M1-KY-4..	FHLMC G12211		03/01/2009	MBS PMT		21,126	21,126	20,621	21,117	.0	.8	.0	.8	.0	21,126	.0	.0	.0	202	06/01/2021	1
3128M1-NX-3..	FHLMC G12306		03/01/2009	MBS PMT		25,279	25,279	25,520	25,285	.0	(6)	.0	(6)	.0	25,279	.0	.0	.0	268	07/01/2021	1
3128M4-K6-9..	FHLMC G02717		03/01/2009	MBS PMT		66,679	66,679	65,888	66,660	.0	20	.0	20	.0	66,679	.0	.0	.0	741	02/01/2037	1
3128MJ-BP-4..	FHLMC G08045		03/01/2009	MBS PMT		14,726	14,726	14,634	14,725	.0	.1	.0	.1	.0	14,726	.0	.0	.0	144	03/01/2035	1
3128MJ-BQ-2..	FHLMC G08046		03/01/2009	MBS PMT		48,022	48,022	48,743	48,029	.0	(7)	.0	(7)	.0	48,022	.0	.0	.0	526	03/01/2035	1
3128MJ-CJ-7..	FHLMC G08072		03/01/2009	MBS PMT		17,554	17,554	17,107	17,550	.0	.4	.0	.4	.0	17,554	.0	.0	.0	170	08/01/2035	1
3128MJ-F4-7..	FHLMC G08186		03/01/2009	MBS PMT		96,787	96,787	95,849	96,762	.0	24	.0	24	.0	96,787	.0	.0	.0	1,045	03/01/2037	1
3128MM-CQ-4..	FHLMC G18078		03/01/2009	MBS PMT		22,696	22,696	22,302	22,688	.0	.7	.0	.7	.0	22,696	.0	.0	.0	224	10/01/2020	1
3128MM-DG-5..	FHLMC G18102		03/01/2009	MBS PMT		11,555	11,555	11,725	11,557	.0	(2)	.0	(2)	.0	11,555	.0	.0	.0	138	02/01/2021	1
31292H-R7-1..	FHLMC C01410		03/01/2009	MBS PMT		4,999	4,999	5,156	5,001	.0	(3)	.0	(3)	.0	4,999	.0	.0	.0	59	10/01/2032	1
31292H-RZ-9..	FHLMC C01404		03/01/2009	MBS PMT		2,128	2,128	2,208	2,129	.0	(1)	.0	(1)	.0	2,128	.0	.0	.0	30	10/01/2032	1
31292J-BQ-2..	FHLMC C01847		03/01/2009	MBS PMT		18,964	18,964	18,726	18,961	.0	.3	.0	.3	.0	18,964	.0	.0	.0	203	06/01/2034	1
31292J-BR-0..	FHLMC C01848		03/01/2009	MBS PMT		27,821	27,821	28,503	27,830	.0	(9)	.0	(9)	.0	27,821	.0	.0	.0	326	06/01/2034	1
31294K-YC-3..	FHLMC E01607		03/01/2009	MBS PMT		15,059	15,059	15,247	15,062	.0	(3)	.0	(3)	.0	15,059	.0	.0	.0	128	04/01/2019	1
312965-TD-8..	FHLMC B13248		03/01/2009	MBS PMT		60,540	60,540	61,609	60,554	.0	(14)	.0	(14)	.0	60,540	.0	.0	.0	661	04/01/2019	1
312969-ZB-8..	FHLMC B17190		03/01/2009	MBS PMT		13,166	13,166	13,150	13,166	.0	.0	.0	.0	.0	13,166	.0	.0	.0	99	11/01/2019	1
312969-FY-9..	FHLMC B16483		03/01/2009	MBS PMT		4,858	4,858	4,972	4,858	.0	(1)	.0	(1)	.0	4,858	.0	.0	.0	45	09/01/2019	1
31297C-KU-3..	FHLMC A24807		03/01/2009	MBS PMT		30,856	30,856	30,446	30,855	.0	.2	.0	.2	.0	30,856	.0	.0	.0	339	07/01/2034	1
31297C-ZO-6..	FHLMC A25251		03/01/2009	MBS PMT		32,872	32,872	33,986	32,891	.0	(19)	.0	(19)	.0	32,872	.0	.0	.0	375	08/01/2034	1
31297E-UN-4..	FHLMC A26889		03/01/2009	MBS PMT		53,709	53,709	54,330	53,718	.0	(9)	.0	(9)	.0	53,709	.0	.0	.0	630	09/01/2034	1
31297G-FG-1..	FHLMC A28267		03/01/2009	MBS PMT		69,953	69,953	71,112	69,966	.0	(13)	.0	(13)	.0	69,953	.0	.0	.0	842	11/01/2034	1
31297W-QE-1..	FHLMC A32253		03/01/2009	MBS PMT		1,985	1,985	1,940	1,984	.0	.0	.0	.0	.0	1,985	.0	.0	.0	17	04/01/2035	1
31297N-TA-4..	FHLMC A33245		03/01/2009	MBS PMT		2,285	2,285	2,215	2,285	.0	.0	.0	.0	.0	2,285	.0	.0	.0	17	02/01/2035	1
31335H-AP-5..	FHLMC C90830		03/01/2009	MBS PMT		15,402	15,402	15,178	15,399	.0	.3	.0	.3	.0	15,402	.0	.0	.0	125	05/01/2024	1
31335H-SF-6..	FHLMC C90846		03/01/2009	MBS PMT		25,113	25,113	25,678	25,121	.0	(9)	.0	(9)	.0	25,113	.0	.0	.0	256	08/01/2024	1
3133X9-DY-3..	FHLB 6T-9009 1		03/25/2009	MBS PMT		21,333	21,333	21,259	21,275	.0	58	.0	58	.0	21,333	.0	.0	.0	158	11/25/2009	1
31371H-D9-6..	FNMA #252228		03/01/2009	MBS PMT		407	407	426	407	.0	.0	.0	.0	.0	407						

## E05.1

## E05.1

## E05.1

## E05.1

STATEMENT AS OF MARCH 31, 2009 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter																						
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
68389X-AD-7..	ORACLE CORP.....		.01/27/2009..	WACHOVIA.....		.533,095	.500,000	.506,330	.505,788	.0	.(99)	.0	.(99)	.0	.505,690	.0	.27,405	.27,405	.7,219	.04/15/2013..	.1FE..	
69351U-AB-9..	PPL ELECTRIC UTILITIES.....		.02/26/2009..	BANK OF AMERICA.....		.252,913	.250,000	.273,935	.253,298	.0	.(903)	.0	.(903)	.0	.252,395	.0	.518	.518	.8,594	.08/15/2009..	.1FE..	
78387G-AH-6..	AT&T INC.....		.02/02/2009..	VARIOUS.....		.521,420	.500,000	.529,540	.512,613	.0	.(335)	.0	.(335)	.0	.512,279	.0	.9,141	.9,141	.14,851	.02/01/2012..	.1FE..	
814891-AA-5..	SECURITY SELF-STR SECSEL.....		.03/16/2009..	FIFTHTHIRD.....		1,000,000	1,000,000	1,000,000	.0	.0	.0	.0	.0	.0	1,000,000	.0	.0	.0	1,573	.05/01/2035..	.2FE..	
842400-FK-4..	SOUTHERN CALIFORNIA ED.....		.02/19/2009..	WIZUHO.....		.544,240	.500,000	.540,640	.0	.0	.(741)	.0	.(741)	.0	.539,899	.0	.4,341	.4,341	10,302	.03/15/2014..	.1FE..	
910428-AA-9..	UNITED FUELS LLC.....		.03/09/2009..	FIFTHTHIRD.....		4,300,000	4,300,000	4,300,000	1,000,000	.0	.0	.0	.0	.0	4,300,000	.0	.0	.0	16,756	.01/01/2031..	.1FE..	
922380-AD-2..	VASTAR RESOURCES INC.....		.01/13/2009..	HSBC.....		.505,910	.500,000	.558,835	.503,491	.0	.(582)	.0	.(582)	.0	.502,909	.0	.3,001	.3,001	9,479	.04/01/2009..	.1FE..	
949780-AA-8..	WFMS 2003-6 1A1.....		.03/01/2009..	MBS PMT.....		.21,847	.21,847	.22,120	.21,852	.0	.(5)	.0	.(5)	.0	.21,847	.0	.0	.0	177	.05/01/2018..	.1FE..	
12201P-AC-0..	BURLINGTON RESOURCES FIN.....		.01/30/2009..	FIRST TENNESSEE.....		.242,685	.225,000	.249,233	.235,431	.0	.(342)	.0	.(342)	.0	.235,089	.0	.7,596	.7,596	6,760	.08/15/2011..	.1FE..	
298785-ER-3..	EUROPEAN INVESTMENT BANK.....		.01/21/2009..	UBS SECURITIES, INC.....		.536,686	.500,000	.498,730	.498,838	.0	.16	.0	.16	.0	.498,854	.0	.37,832	.37,832	11,274	.07/15/2013..	.1FE..	
3899999 - Bonds - Industrial and Miscellaneous						15,908,283	15,627,907	16,078,469	10,914,604	0	(6,601)	0	(6,601)	0	15,748,643	0	159,640	159,640	205,003	XXX	XXX	
8399997 - Bonds - Part 4						24,728,388	24,379,364	24,906,510	19,729,409	0	(7,652)	0	(7,652)	0	24,562,397	0	165,991	165,991	327,024	XXX	XXX	
8399999 - Total - Bonds						24,728,388	24,379,364	24,906,510	19,729,409	0	(7,652)	0	(7,652)	0	24,562,397	0	165,991	165,991	327,024	XXX	XXX	
8999999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9799999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
9899999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

**STATEMENT AS OF MARCH 31, 2009 OF THE Priority Health**

## SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
NONE							
8699999 Totals					0	0	0